

BRECKLAND DISTRICT COUNCIL

Report of: Councillor Philip Cowen, Executive Member Finance

To: Cabinet, 28 November 2017
Overview & Scrutiny, 14 December 2017

(Author: Christine Marshall, Executive Director Commercialisation)

Subject: Draft Budget, Medium Term Plan and Capital Strategy

Purpose: To consider the draft capital and revenue budget estimates, the medium term financial plan and the capital strategy.

Recommendation(s):

- 1) That the draft capital and revenue budget estimates, the draft medium term financial plan and the draft capital strategy are reviewed.

1.0 BACKGROUND

- 1.1 The appendices to this report outline the 2018-19 revenue and capital estimates for the General Fund, the proposals for setting of discretionary fees and charges, the outline position through to 2021-22, the medium term financial plan and the capital strategy. The medium term financial plan sets out the framework within which the budget is to be set to ensure that it enables the Council to achieve its own corporate objectives. The capital strategy sets out the framework for capital budget setting which also supports the Council's corporate objectives.

This draft budget accommodates the latest known position at the time of writing the report, however there remain estimates where final figures are not yet known, as detailed later in this report.

- 1.2 This draft budget is presented to Cabinet and Overview and Scrutiny Committees for consideration. In addition the budget is available on the website for customers to view and provide feedback from 1 December 2017 to 1 January 2018. The final budget will be presented to Cabinet and Full Council in February 2018, incorporating final information such as the Government Settlement, along with the formal Council Tax setting report.

Revenue

- 1.3 The budget approved by Council in February 2017 provided a robust budget over the medium term, supported by the Moving Forward transformation programme to provide a balanced budget over the medium term. Since this time further work has been undertaken through a 'Star Chamber' to provide further efficiencies or additional income and budget in a new way through more optimistic budgeting whilst still remaining a prudent financial estimate. A second phase of this will continue in order to provide further options for changes to service delivery from 19-20 and beyond. In addition a new Investment Strategy has been approved which re-allocated reserve funding to generate on-going revenue returns.

The result of this further work has led to:

- Removal of reliance on Revenue Support Grant (RSG) from 2018-19 (1 year earlier than planned).

- A balanced budget over the medium term.
- Reduced reliance on New Homes Bonus funding (from £2.0m per year to around £0.5m from 21-22).
- The growth and investment funds have been merged into one fund

- 1.4 At this stage of the budget however many of the figures are estimates as the Government Settlement announcement is not expected until around December 2017, including:
- New Homes bonus baseline – currently we are using the 0.4% level as current year.
 - The four year settlement ends in 19-20 and future years assume nil Revenue Support Grant
 - Referendum limits for Council Tax are not yet known and this budget assumes a £4.95 rise to a Band D council tax in all years (as proposed in last year’s budget)
 - The Fair Funding review is due to take place over the next 2 years but we are unable to estimate the effects of this
 - 100% Business Rates Retention was due to be implemented from 19-20 but this is now unlikely to be implemented before 20-21 and this budgets assumes the effects are cost neutral
 - Norfolk has submitted a bid for a 100% Business Rates Pilot (Cabinet October 2017) but the results of this bid are not yet known and are not included in this draft budget
 - Pay inflation levels are as budgeted last year at this stage but will be updated if required as more information becomes available

The estimates will be updated once further information becomes available.

- 1.5 Despite the challenges of reduced funding and economic uncertainty, the Council remains in a secure financial position across the medium term with no dependency on reserves. Key to the success of this balanced budget is the delivery of the programmed Moving Forward transformation targets.

Details of the Medium Term Financial Plan are shown in Appendix A, with the summary finances shown in Appendix B.

Capital

- 1.6 The draft capital programme for 18-19 to 21-22 is:

	18-19 to 21-22
Forecast Spend	£18,531k
Forecast Receipts	(£2,308k)
Forecast Funding	(£15,000k)
Net Spend	£1,223k
Forecast Capital Funding available	(£708k)
Shortfall in Funding	£515k

This shows over programming of £515k over the full term of the capital programme, however this estimate will change as each year’s budget is set. The availability and scope for future projects is however limited unless additional receipts or funding is generated or the business case for spend supports borrowing. Full details of capital projects are provided in Appendix H.

2.0 OPTIONS

- 2.1 That the draft capital and revenue budget estimates, the draft medium term financial plan and the draft capital strategy are reviewed.
- 2.2 There are no alternative options presented.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 To comply with budgetary and policy framework.

4.0 EXPECTED BENEFITS

4.1 To set an affordable and balanced budget for 18-19 which delivers on the Council's priorities.

5.0 IMPLICATIONS

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

5.1 Corporate Priorities

5.1.1 The budget supports the Council's priorities and the final budget will be considered alongside the Corporate Plan in February 2018.

5.2 Financial

5.2.1 The report is of a financial nature and financial implications are covered within the report.

5.3 Risk Management

5.3.1 Risk has been considered and is included within the appendices.

5.4 Stakeholders / Consultation / Timescales

5.4.1 Consultation has been undertaken with the service managers and Directors for every budget and public consultation will be included in the final budget.

5.5 Transformation Programme

5.5.1 The budget and transformation programme are intrinsically linked and information on the Moving Forward programme is included as necessary within the report and appendices.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All

7.0 ACRONYMS

7.1 ARP – Anglia Revenues Partnership

7.2 BPI – Basic Pay Increase

7.3 BTS – Breckland Training Services

7.4 CIPFA – Chartered Institute of Public Finance & Accountancy

7.5 CFR – Capital Financing Requirement

7.6 DCLG – Department for Communities & Local Government

7.7 DWP – Department for Works & Pensions

7.8 IDB – Internal Drainage Board

7.9 LABV – Local Asset Backed Vehicle

7.10 LCTRS – Localised Council Tax Reduction Scheme

7.11 LEP – Local Enterprise Partnership

7.12 NHB – New Homes Bonus

- 7.13 NNDR – National Non-Domestic Rates (Business Rates)
- 7.14 PRP – Performance Related Pay
- 7.15 RSG – Revenue Support Grant

Background papers:- [See The Committee Report Guide for guidance on how to complete this section](#)

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Key Decision: No

Exempt Decision: No

This report refers to Mandatory and Discretionary Services

Appendices attached to this report:

Appendix A	Budget estimates and medium term financial plan
Appendix B	General Fund summary
Appendix C	Tax base
Appendix D & D2	Fees and charges
Appendix E	Reserves
Appendix F	Sensitivities
Appendix G	Capital Strategy
Appendix H	Capital Programme